

furnish also (approximately) the probable (reduced) value—due to the lapse of the term of the lease—at the date when the period for which the loan has been granted will expire; the lender should then stipulate in the Deed of Mortgage that this • difference of value should be annually paid in equal parts, as instalments in redemption of the advance. Thus (merely for illustration) if the present selling price be £800 and its selling value at the end of the five years, say, be £700, the process will be as follows : with a margin of one-third "the advance of, say, £530 will be effected; in order to preserve this margin approximately throughout the currency of the transaction the amount of the loan at the close of the five years should not exceed one-third of £700, or, say, £460 ; hence the difference of £70 should be repaid in the form of reductions of the advance by instalments of £14- a year.

In all mortgages, whether upon freeholds or leaseholds, the solidity of structure of the buildings should form a part of the Valuer's Report.

In all advances the lender should accept only first mortgages ;<sup>1</sup> and further, the mortgage should be a legal one. An equitable mortgage is a deposit of the title-deeds, accompanied by an undertaking to execute thereafter a legal mortgage whenever required by the lender. But why adopt this imperfect course ? "When the lender demands a legal mortgage the borrower may be insane and unable to execute, or he may have meantime harboured adverse feelings towards the lender, and refuse to complete the deed except upon onerous conditions; and litigation is imminent.

In any mortgage it is never, or very rarely, desirable to lend money which is simply required to discharge debts by the borrower. Investigation should be made, and the result may be that the loan may still proceed, or extravagant and reckless habits may be revealed which render the proposed mortgagor an imprudent and unsatisfactory person to contract with. "Wherever possible it is well to restrict these transactions, to persons who desire to purchase the house in question,

<sup>1</sup> When the security consists of a second mortgage, the

lender is entirely fettered in his action in every direction, since the first mortgagee possesses all controlling rights and remedies over the property.